

REMARKS

Claims 1-54 remain pending in the application. Reconsideration is respectfully requested in light of the following remarks.

Section 101 Rejection:

The Office Action rejected claims 35 and 38-54 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Withdrawal of this rejection is respectfully requested in light of the above amendments to claims 35 and 38.

Section 102(b) Rejection:

The Office Action rejected claims 1-6, 8, 11, 14-17, 18-23, 25, 28, 31-43, 45, 48 and 51-54 under 35 U.S.C. § 102(b) as being anticipated by Funk (U.S. Patent 5,721,779). Applicant respectfully traverses this rejection in light of the following remarks.

Regarding claim 1, Funk does not teach receiving, from a user-input device, user input that transforms the machine-generated challenge into a pass code allocated to the user, wherein the user input is dependent on the machine-generated challenge such that the user input to transform the machine-generated challenge into the pass code is different for different machine-generated challenges. In the portions of the reference cited by the Examiner, Funk teaches that a user enters a password that is used to encrypt the challenge signal. Thus, the user input in Funk is the user's password, as opposed to input that transforms a machine-generated challenge into a pass code allocated to the user, as recited in claim 1. Moreover, the password entered by the user in Funk is not dependent on the machine-generated challenge such that the user input to transform the machine-generated challenge into the pass code is different for different machine-generated challenges. In Funk, the user always enters the same

password regardless of the challenge signal. Therefore, claim 1 is not anticipated by Funk. Similar arguments apply to the other independent claims.

Section 103(a) Rejection:

The Office Action rejected claims 7, 24 and 44 under 35 U.S.C. § 103(a) as being unpatentable over Funk in view of Hirsch (U.S. Patent 4,479,112), claims 9, 10, 26, 27, 46 and 47 as being unpatentable over Funk in view of Kelly (U.S. Patent 5,475,757), claims 12, 13, 29, 30, 49 and 50 as being unpatentable over Funk. Applicant traverse these rejections for at least the reasons given above in regard to the independent claims.

CONCLUSION

Applicants submit the application is in condition for allowance, and an early notice to that effect is requested.

If any fees are due, the Commissioner is authorized to charge said fees to Meyertons, Hood, Kivlin, Kowert, & Goetzel, P.C. Deposit Account No. 501505/5681-74900/RCK.

Respectfully submitted,

/Robert C. Kowert/
Robert C. Kowert, Reg. #39,255
Attorney for Applicant(s)

Meyertons, Hood, Kivlin, Kowert, & Goetzel, P.C.
P.O. Box 398
Austin, TX 78767-0398
Phone: (512) 853-8850

Date: August 20, 2007